

TO THE SHAREHOLDERS:

The net after-tax earnings for the six months ended June 30, 1975 were \$787,000, equal to \$1.07 per share (\$0.92 fully diluted). This includes the gain from the sale of the Company's previous head office which was included in the first quarter. Excluding this gain, net earnings were \$48,000 as against \$392,000 for the same period in 1974. This is a marked improvement over the first quarter earnings on the same basis. This improvement is primarily due to increased fee income in the trust company. Personnel and operating costs have also been contained and this will be more apparent in the third and fourth quarters of 1975. Total assets, including assets under administration, increased over the previous year by 36% to \$137,572,000, including \$22,486,000 in estates, trusts and agencies from those of last year.

TRUST DIVISION

The net earnings of the Trust Division improved in the second quarter over the first quarter from \$9,000 to \$62,000 giving a total of \$71,000 for the period ended June 30, 1975 as against \$124,000 for the same period in 1974.

In June, our Ottawa Branch was opened, which added our eleventh full service banking branch to our already active Mortgage Branch. Results, so far, have been very gratifying. No further branch openings are presently planned.

OTHER DIVISIONS

Once again, little activity occurred in the other two Divisions of the Company. Profit on real estate land sales was \$20,000 as compared to \$613,000 in the first six months of 1974.

OUTLOOK

Federal Trust Company recently registered in the Province of Alberta where, initially, it intends to expand its mortgage banking activities.

It is anticipated that earnings for the Trust Division will continue to improve through 1975 with the continued matching of maturities and a close control of costs.

On behalf of the Board,

Toronto, Ontario
August 18, 1975

David S. Ades,
President

CONSOLIDATED STATEMENT OF EARNINGS
(unaudited and 000's omitted)

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	Six months ended June 30			Three months ended June 30		
	1975	1974	% Increase (decrease)	1975	1974	% Increase (decrease)
Trust Division:						
Investment income	\$ 4,802	\$ 3,639	32	\$ 2,423	\$ 1,934	25
Fee and commission income	288	170	69	206	83	148
	<u>5,090</u>	<u>3,809</u>	34	<u>2,629</u>	<u>2,017</u>	30
Expenses —						
Interest	3,624	2,601	39	1,804	1,355	33
Operating	1,384	1,001	38	736	539	37
	<u>5,008</u>	<u>3,602</u>	39	<u>2,540</u>	<u>1,894</u>	34
	<u>82</u>	<u>207</u>	(60)	<u>89</u>	<u>123</u>	(28)
Income from Trust Division						
Other Division:						
Mortgage and other investment income	281	271	4	136	154	(12)
Profit on sale of real estate	20	613	(97)	1	91	(99)
Fee and commission income	18	25	(28)	11	9	22
	<u>319</u>	<u>909</u>	(65)	<u>148</u>	<u>254</u>	(42)
Expenses —						
Interest	265	266	—	133	149	(11)
Operating	99	102	(3)	44	67	(34)
	<u>364</u>	<u>368</u>	(1)	<u>177</u>	<u>216</u>	(18)
(Loss) income from Other Divisions	(45)	541	(108)	(29)	38	(176)
Net income before taxes and extraordinary item	37	748	(95)	60	161	(63)
Income taxes (recoverable)	(11)	356	(103)	13	72	(82)
	<u>48</u>	<u>392</u>	(88)	<u>47</u>	<u>89</u>	(47)
Net income before extraordinary item	—	—	—	—	—	—
Extraordinary gain less income tax of \$138,000	(739)	—	101	47	89	(47)
Net income for the period	\$ 787	\$ 392	101	\$ 47	\$ 89	(47)
Earnings per Class A and Common share:						
Net income before extraordinary item	\$ 0.07	\$ 0.53	(87)	\$ 0.07	\$ 0.12	(42)
Net income for the period	\$ 1.07	\$ 0.53	102	\$ 0.07	\$ 0.12	(42)
Fully diluted	\$ 0.92	\$ 0.53		\$ 0.07	\$ 0.12	

CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited and 000's omitted)

	June 30 1975	December 31 1974	June 30 1974
ASSETS			
Cash and bank deposit receipts	\$ 8,948	\$ 4,019	\$ 5,266
Securities	8,013	7,798	7,474
Mortgages	87,617	77,244	71,322
Consumer and demand loans	3,031	2,499	1,879
Real estate	2,500	2,386	851
Joint ventures	976	946	432
Other	4,001	4,888	3,999
	<u>\$115,086</u>	<u>\$ 99,780</u>	<u>\$ 91,223</u>
LIABILITIES			
Guaranteed investment certificates, debentures and deposits	\$ 97,485	\$ 83,285	\$ 76,502
Mortgages payable	1,239	1,348	360
Bank loans	2,742	2,411	2,316
Long term debt	4,125	4,207	4,479
Other	4,193	3,929	2,763
Deferred income taxes	689	689	745
Shareholders' equity	4,613	3,911	4,058
	<u>\$115,086</u>	<u>\$ 99,780</u>	<u>\$ 91,223</u>
Estates, Trusts and Agencies	22,486	15,400	10,050
TOTAL ASSETS UNDER ADMINISTRATION	<u>\$137,572</u>	<u>\$115,180</u>	<u>\$101,273</u>

**CONSOLIDATED STATEMENT OF CHANGES
IN CASH POSITION**
(unaudited and '000's omitted)

	Six months ended June 30	
	1975	1974
SOURCES OF CASH:		
Operations*	\$ 126	\$ 585
Increase in guaranteed trust borrowings	14,200	14,300
Proceeds from sale of premises	1,366	—
Issue of additional capital	—	6
Increase in other bank loans	331	757
Proceeds from sale of real estate held for development or sale less profit included in operations	—	1,977
	<u>16,023</u>	<u>17,625</u>
APPLICATIONS OF CASH:		
Decrease in bank loan of Federal Trust Company	—	1,000
Increase in loans	10,080	11,936
Increase in securities	215	185
Decrease in mortgages payable	109	992
Increase in premises, leasehold improvements and equipment	245	635
Dividends	84	84
Payments on long term debt	82	87
Increase in investment in and advances to joint ventures	30	219
Additions to real estate held for development or sale	114	140
Net other applications	<u>11,094</u>	<u>15,421</u>
	4,929	2,204
Increase in cash for the period	4,019	3,062
Cash and bank deposit receipts at beginning of year	<u>\$ 8,948</u>	<u>\$ 5,266</u>
Cash and bank deposit receipts at June 30		

*Represents net income for the period after adding back depreciation, amortization of financing expenses, deferred income taxes and minority interest (1975 — \$78,000; 1974 — \$193,000).

REALTY CAPITAL CORP. LIMITED
415 Yonge Street, Toronto

Subsidiaries

Federal Trust Company
Warchester Investments Limited
Commodore Investments Limited
Realty Capital Investments (Central) Limited

*Branch Offices of
Federal Trust Company*

Savings Branches
415 Yonge Street, Toronto
141 Yonge Street, Toronto
605 Danforth Avenue, Toronto
948 St. Clair Avenue West, Toronto
1850 Eglinton Avenue West, Toronto
1224 St. Clair Avenue West, Toronto
2070 Danforth Avenue, Toronto
343 College Street, Toronto
9 Queen Street East, Brampton
800 Niagara Street North, Welland
270 Albert Street, Ottawa

Real Estate Sales Branches
1355 Kingston Road West, Pickering
2450 Dufferin Street, Toronto

Mortgage Office
270 Albert Street, Ottawa

Services and Functions

Savings Accounts
Chequing Accounts
Current Accounts
Guaranteed Investment Certificates
Short Term Deposits
Safety Deposit Boxes
Money Orders and Drafts
Travellers Cheques

Mortgage Loans
Consumer and Personal Loans
Collateral Loans
Mortgage Servicing and Management
Mortgage Banking
Registered Retirement Savings Plans
Registered Home Ownership Savings Plans
Deferred Profit Sharing Plans
Personal Investment Management
Real Estate Sales
Resal Estate Appraisals
Real Estate Management
Income Tax Service

**REALTY CAPITAL
CORP.
LIMITED**

INTERIM REPORT
SIX MONTHS
ENDED JUNE 30, 1975

